

## Message Text

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ACTION IO-13

INFO OCT-01 AGRE-00 USIA-15 AID-05 EB-07 AF-10 ARA-10  
EA-09 EUR-12 NEA-10 COME-00 ISO-00 TRSE-00 /092 W  
-----101106Z 112393 /11

R 100950Z MAY 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 4483

UNCLAS SECTION 1 OF 2 ROME 7562

FODAG

E.O. 11652: N/A  
TAGS: FAO, OCON, ETRD  
SUBJECT: 51ST SESSION COMMITTEE ON COMMODITY PROBLEMS

REF: ROME 7282

SUMMARY: SESSION CHARACTERIZED BY TENACIOUS TUG-OF-WAR  
OVER GROUP OF 77 ATTEMPTS TO PLACE COMMITTEE ON COMMODITY  
PROBLEMS (CCP) ON RECORD WITH CONCLUSIONS AND RECOMMENDA-  
TIONS PREJUDICIAL TO INTERESTS OF DC'S. MAIN ISSUES  
CONCERNED POLICY GUIDELINES FOR MEAT AND OILS AND OILSEEDS,  
COMPETITION BETWEEN NATURAL FIBERS AND SYNTHETICS, AND  
WHETHER OR NOT CCP SHOULD INJECT ITSELF INTO CODEX WORK.  
SATISFACTORY REPORT ACHIEVED BUT ONLY AFTER TWO LATE  
NIGHT SESSIONS. GROUP OF 77 TACTICS REPRESENT ADAPTATION  
OF UNCTAD PATTERN TO FAO SETTING AND SHOULD BE ANTICIPATED  
IN UPCOMING MEETINGS. END SUMMARY

1. SESSION CHARACTERIZED BY GENTLEMANLY BUT UNREMITTING  
GROUP OF 77 EFFORTS TO DOMINATE MEETING, BEGINNING WITH  
LONG STATEMENT CONTAINING USUAL NIEO CRITICISMS AND  
COMPLAINTS PLUS PROPOSED COMMITTEE CONCLUSIONS AND  
DECISIONS (REFTEL), AND BY DETERMINED RESISTANCE OF  
MAIN DEVELOPED COUNTRIES TO UNACCEPTABLE PROPOSALS  
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ON ISSUES OF IMPORTANCE. GROUP OF 77 REPRESENTATIVES  
WERE WELL ORGANIZED AND FIRMLY CONTROLLED BY THEIR  
LEADER, BRITO OF BRAZIL, WHO TOOK INITIATIVE ON MOST  
TOPICS. OTHER ACTIVE LDC'S INCLUDED GUINEA, YUGO-  
SLAVIA, ARGENTINA, NICARAGUA, INDIA AND PHILIPPINES.  
ATTACKS WERE AGAINST DC'S AS GROUP AND EUROPEAN COMMUNITY  
IN PARTICULAR. LATTER'S POLICIES STRONGLY DEFENDED BY UK,

GERMANY, FRANCE, BELGIUM, NETHERLANDS AND EC COMMISSION REPRESENTATIVES. ON CONTROVERSIAL MATTERS, USDEL FOLLOWED TACTIC OF ALLOWING ISSUES TO BE DRAWN AND THEN PRESENTING RELEVANT ELEMENTS OF US POSITION. PARTICIPATION OF OTHER DC'S EXCEPT AUSTRALIA RELATIVELY SLIGHT. NORWAY SUPPORTED BY SWEDEN OFTEN AGREED WITH GROUP OF 77 POSITIONS. EAST EUROPEANS SAID LITTLE.

2. OPENING ADDRESS BY DIRECTOR GENERAL, REFTUL, ENDORSED NIEO, PLEDGED FULL SUPPORT UNCTAD NEGOTIATIONS, CRITICIZED DC RESERVATIONS ON UNCTAD IV RESOLUTIONS, HOPED THESE NEGOTIATING POSITIONS BEING RECONSIDERED, AND CALLED FOR POLITICAL DECISIONS TO PREVENT RETREAT INTO PROTECTIONISM. IN REVIEW OF WORLD COMMODITY SITUATION, LDC REPRESENTATIVES DOWNPLAYED RECENT LDC GAINS, CLAIMING MOST COUNTRIES STILL LOSING GROUND. FINAL CCP REPORT HEAVILY LOADED WITH MATERIAL FROM GROUP OF 77 STATEMENT AND DOWNPLAYS, AT INSISTENCE OF BRAZIL, RECENT INCREASES IN SOME COMMODITY PRICES, ESPECIALLY COFFEE. GROUP OF 77 STATEMENT ALSO APPENDED TO REPORT.

3. PROPOSALS FOR "IMPLEMENTATION OF GUIDELINES FOR INTERNATIONAL COOPERATION IN THE LIVESTOCK AND MEAT SECTOR" GENERATED THE GREATEST AMOUNT OF CONTROVERSY. DEVELOPING COUNTRIES CALLED FOR THE FAO TO DEVELOP PROCEDURES FOR MONITORING IMPLEMENTATION OF THE GUIDELINES AND "PROMOTING REMEDIAL ACTION", USING THE OCCASION TO ATTACK EC MEAT POLICIES AS CASE IN POINT. BRAZIL AND OTHERS CONTENDED EC MEAT AND DAIRY POLICIES PROMOTED UNECONOMIC PRODUCTION OF MEAT AND LED TO UNCLASSIFIED

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IMPOSITION OF RESTRICTIVE MEASURES, THUS SHIFTING THE ADJUSTMENT BURDEN TO MEAT EXPORTING LDC'S WHILE AT THE SAME TIME CREATING ARTIFICIALLY HIGH MEAT PRICES WHICH REDUCE CONSUMPTION. DC REPRESENTATIVES SAID GATT WAS PROPER FORUM AND OPPOSED DUPLICATION. EC REPRESENTATIVES ALSO INSISTED THAT RESTRICTIVE MEASURES WERE TEMPORARY, CLAIMING THAT INTERNATIONAL MARKET PRICES WERE HIGHER THAN EC ORIENTATION PRICES FOR LONG PERIODS AND THAT THE BASIC CONSTRAINT ON THE MARKET FOR MEAT WAS THE DEPRESSED STATE OF THE INTERNATIONAL ECONOMY. WHEN PLENARY DEADLOCKED, CHAIRMAN (MEGOMBE, TANZANIA) CALLED FOR CORRIDOR CONSULTATIONS TO RESOLVE ISSUES. US PARTICIPATED IN FORMULATING A COMPROMISE WHICH DREW FROM THE REPORT OF THE INTERGOVERNMENTAL GROUP REPORT AND THE GUIDELINES THEMSELVES, NOTING THAT "ADOPTION OF THE GUIDELINES IN THE INTERGOVERNMENTAL GROUP DID NOT PREJUDGE THE FORA WHERE SPECIFIC ACTION MIGHT BE TAKEN" AND THAT "WHILE RECOGNIZING THE ROLE OF THE GROUP IN REVIEWING AND DISCUSSING MATTERS AFFECTING INTERNATIONAL TRADE IN MEAT, AS WELL AS IN IDENTIFYING AND SUGGESTING POSSIBLE REMEDIAL ACTION AS APPROPRIATE, THE COMMITTEE STRESSED THE NEED FOR THE

GROUP TO MAINTAIN CLOSE LIAISON WITH THE GATT AND  
OTHER INTERESTED BODIES AND TO AVOID DUPLICATION OF WORK IN  
ACCORDANCE WITH ITS TERMS OF REFERENCE AS APPROVED BY CCP".

4. RELATED TO THE MEAT DISCUSSION AND GENERATING NEARLY  
AS MUCH CONTROVERSY WAS THE GROUP OF 77 PROPOSAL THAT CCP  
INSTRUCT THE INTERGOVERNMENTAL GROUP ON OILSEEDS, FATS AND OILS  
TO DEVELOP SIMILAR GUIDELINES. THE GROUP OF 77 CHAIRMAN SUGGESTED  
IN PRIVATE THAT THIS PROPOSAL SHOULD BE IN RELATION TO THE  
UNCTAD DISCUSSIONS, I.E. AS A COMPROMISE STRATEGY FOR DEALING  
WITH THE SEDOR. THE US WITH EC SUPPORT STRONGLY.....  
(MORE COMING)

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ACTION IO-13

INFO OCT-01 AGRE-00 USIA-15 AID-05 EB-07 AF-10 ARA-10  
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-----101116Z 112532 /11

R 100950Z MAY 77  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC 4484

UNCLAS SECTION 2 OF 2 ROME 7562

FODAG

.....STRONGLY  
RESISTED ADOPTION OF THE PROPOSAL, NOTING INTERGOVERN-  
MENTAL GROUP CONCLUSION THAT CONSIDERATION OF GUIDELINES  
WAS PREMATURE IN LIGHT OF DELIBERATIONS IN OTHER FORA.  
AFTER CORRIDOR NEGOTIATIONS, FOLLOWING COMPROMISE WAS  
REACHED: "THE COMMITTEE RECOMMENDED THAT THE INTER-  
GOVERNMENTAL GROUP ON OILSEEDS, OILS AND FATS FURTHER  
CONTINUE ITS WORK ON POLICY RECOMMENDATIONS FOR INTER-  
NATIONAL COOPERATION IN RELATION TO THIS SECTOR WITH A  
VIEW TO EVOLVING, AS APPROPRIATE, A SET OF COMPREHENSIVE  
GUIDELINES, TAKING INTO ACCOUNT THE VIEWS EXPRESSED IN THE  
COMMITTEE (ON COMMODITY PROBLEMS) AS WELL AS RELATED WORK IN  
OTHER FORA".

5. THE THEME OF COMPETITION BETWEEN NATURAL RAW MATERIALS  
AND SYNTHETICS, PARTICULARLY IN RELATION TO JUTE AND  
HARD FIBERS AND THE NEED FOR INTERNATIONAL ACTION RECUR-

RED THROUGHOUT THE SESSION. LDC'S, USUALLY THOSE WITH DIRECT INTERESTS, CONTENDED THAT COMMODITY AGREEMENTS COVERING PRODUCTS AFFECTED BY SUCH COMPETITION SHOULD ALSO INCLUDE SYNTHETICS. MIXED IN WITH ARGUMENTS ON SYNTHETICS WERE STATEMENTS ON NEED TO LOCATE AGRICULTURAL PROCESSING AND MANUFACTURING INDUSTRIES IN LDC'S. DC DELEGATES LED BY US AND GERMANY OPPOSED ON GROUNDS THAT INCLUSION OF SYNTHETICS WAS UNCLASSIFIED

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PROHIBITED BY COMPLEXITIES OF SYNTHETICS PRODUCTION AND LEGAL LIMITATIONS ON GOVERNMENTAL CONTROL OF INDUSTRY. NO DECISION WAS TAKEN.

6. CONTROVERSY ALSO MARKED AN UNSCHEDULED TOPIC, NAMELY, A GROUP OF 77 PROPOSAL THAT THE CCP "HELP CODEX ACHIEVE FAIR TRADE PRACTICES", INCLUDING MONITORING THE EFFECT OF CODEX DECISIONS ON LDC EXPORTS. THE UNADMITTED IMPETUS WAS DISSATISFACTION OF SOME AFRICAN STANDARDS WITH A PROPOSED STANDARD FOR COCOA. THIS IS ALSO A PARTICULAR IRRITANT OF BRITO OF BRAZIL. MANY DC DELEGATIONS OPPOSED ANY MEDDLING WITH CODEX. NO DECISION WAS TAKEN. THE ISSUE WILL BE REVISED IN THE COUNCIL.

7. MANY DELEGATIONS PARTICIPATED IN DISCUSSION OF ITEM 5, "REVIEW OF INTERNATIONAL ACTION ON COMMODITIES IN OTHER FORA". THE UNCTAD OBSERVER SAID RESULTS TO DATE ARE FAR FROM SATISFACTORY, REPORTED RELUCTANCE BY SOME COUNTRIES TO ACCEPT THE PRINCIPLE OF A COMMON FUND, OPINED THAT PROSPECTS FOR NEGOTIATION OF AN INTERNATIONAL SUGAR AGREEMENT WERE BETTER THAN THEY HAVE BEEN FOR SOME TIME. AND CALLED UNCTAD-FAO COOPERATION CLOSER THAN AT ANY TIME BEFORE. LDC'S GENERALLY EXPRESSED DISSATISFACTION WITH PACE OF NEGOTIATIONS, CITING LACK OF POLITICAL WILL AS THE PRIMARY OBSTACLE. NORWAY AND SWEDEN EXPRESSED FULL SUPPORT FOR UNCTAD RESOLUTION 93 (IV), AND NORWEGIAN REPRESENTATIVE ADDED ENDORSEMENT OF COMMON FUND "SECOND WINDOW" FOR DIVERSIFICATION PROJECTS AND PRODUCT DEVELOPMENT. UK, GERMANY AND OTHER DC'S SAID DIFFICULTY AND COMPLEXITY OF NEGOTIATIONS WERE COMPOUNDED BY WORLDWIDE ECONOMIC PROBLEMS. GERMANS CALLED FOR A MORE "BUSINESSLIKE ATMOSPHERE". ALL SPEAKERS STRESSED IMPORTANCE OF ACTIVE FAO ROLE IN AGRICULTURAL COMMODITY DISCUSSIONS, VARIOUSLY MENTIONING SUCH FAO FOLLOW-UP RESPONSIBILITIES AS COOPERATION IN RESEARCH AND DEVELOPMENT, PRODUCTION TECHNOLOGY AND COST REDUCTION, IMPROVEMENT OF PROCESSING AND MARKETING STRUCTURES AND BASIC INFORMATION.

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8. SECRETARIAT SAID ITS REPORT ON INTERNATIONAL AGRICULTURAL ADJUSTMENT SHOULD BE READY IN JULY BUT THAT SOME BASIC INFORMATION NECESSARY FOR MONITORING IS NOT AVAILABLE. THE GROUP OF 77 SPOKESMAN URGED EMPHASIS IN REPORT ON (A) NATIONAL USE OF RESOURCES, I.E. OPPOSITION TO DOMESTIC AND TRADE POLICIES WHICH DISTORT ALLOCATION; AND (B) TRANSFER OF RESOURCES, ESPECIALLY SIZE AND TERMS OF FLOWS, REVERSE FLOWS, AND TERMS AND CONDITIONS OF TRADE.

9. CONSIDERATION OF OTHER ITEMS WAS ROUTINE. COMMITTEE ON SURPLUS DISPOSAL (CSD) CHAIRMAN CHANDRA'S REPORT WAS WARMLY WELCOMED AND CSD'S WORTH ENDORSED. ACTIVITIES ON BANANAS AND TEA WERE SUPPORTED, SECRETARIAT PROPOSALS FOR ECONOMIZING ON COMMODITY PROJECTIONS PUBLICATIONS WERE APPROVED; US WAS ONLY DELEGATION FAVORING CONTINUATION OF OLD FORMAT. PLANS FOR THE HIDES AND SKINS CONSULTATION IN 1978 WERE APPROVED WITHOUT CHANGE. THE BAREBONES SCHEDULE OF INTERGOVERNMENTAL GROUP MEETINGS FOR THE NEXT BIENNIUM WAS DISCUSSED AT LENGTH WITHOUT DECISION. VARIOUS DELEGATIONS INCLUDING US REGRETTED OMISSION OF EVEN TENTATIVE PLANS FOR A GRAINS GROUP MEETING. TIMING OF THE 1978 MEETING AND OF A POSSIBLE SHORT MEETING PRECEDING THIS YEAR'S CONFERENCE WAS LEFT FOR DECISION OF THE DIRECTOR GENERAL IN COOPERATION WITH THE CHAIRMAN AND THE COUNCIL. SHORT MEETING OF CCP BEFORE FAO CONFERENCE WOULD DISCUSS FAO REPORT ON INTERNATIONAL AGRICULTURAL ADJUSTMENT FOR CONFERENCE CONSIDERATION.

10. BOTH DRAFTING GROUP AND FINAL SESSION OF PLENARY CONTINUED LATE INTO NIGHT BECAUSE OF ATTEMPTS OF GROUP OF 77 DELEGATES TO BIAS REPORT IN THEIR FAVOR.

11. COMMENT: CCP SESSION ILLUSTRATED GROUP OF 77 STRATEGY USING THEIR MAJORITY IN FAO. THE TACTICS INCLUDE LONG OPENING STATEMENT (TEXT CIRCULATED), REFERRAL OF PLENARY DEADLOCKS TO INFORMAL DRAFTING AND NEGOTIATIONS BY KEY DELS OF CONCLUSIONS AND RECOMMENDATIONS FOR COMMITTEE REPORT, TENACIOUS HAGGLING OVER WORDS  
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IN DRAFTING GROUP AND LATE HOURS. FOR INDIVIDUAL COMMODITY SECTORS, GUIDELINES INVOLVING OBLIGATIONS AND MONITORING REPRESENT SUBSTITUTE FOR COMMODITY AGREEMENTS, TO BE SOUGHT IN CASES WHERE EITHER UNCTAD INTEGRATED PROGRAM CANNOT BE AGREED UPON FOR A CORE COMMODITY OR FOR COMMODITIES (E.G. HIDES AND SKINS) NOT INCLUDED IN UNCTAD INTEGRATED PROGRAM. GROUP OF 77 LEADER (BRITO) PRIVATELY TOLD USDEL HE RECOGNIZED UNLIKELIHOOD OF CONCLUSIVE UNCTAD DECISIONS ON FATS AND OILS, ON HARD FIBERS AND ON MEAT BECAUSE OF COMPLEXITIES THESE SECTORS AND THAT BEST ALTERNATIVE WAS THE MORE FLEXIBLE INSTRUMENT OF GUIDELINES, UNDER

WHICH GOVERNMENTS WOULD AGREE TO CERTAIN RULES  
TO BE ENFORCED BY MONITORING AND CONSULTATION (READ  
"CONFRONTATION") PROCEDURES. NOTE THESE ARE COMMODITIES OF  
INTEREST TO BRAZIL WHICH IS WORRIED ABOUT AN UNCTAD  
SECRETARIAT HANDLING STOCKS. FAO SECRETARIAT, WHICH CURRENTLY  
IS KEEPING ITS AMMUNITION DRY VIS-A-VIS UNCTAD, RECOGNIZES IN  
THIS THE POTENTIAL OPPORTUNITY TO REGAIN LDC SUPPORT FOR ITS  
QUOTE PRACTICAL, NOT POLITICAL APPROACH UNQUOTE. FOR SHORT AND  
MEDIUM TERM, USDELS TO FAO AND RELATED MEETINGS SHOULD BE  
PREPARED TO DEAL WITH THIS PATTERN OF GROUP OF 77  
TACTICS.GARDNER

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## Message Attributes

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**To:** STATE  
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